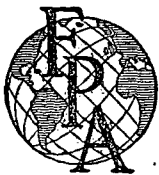


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BIG 3 FORGE OVER-ALL PLANS FOR GERMANY AND LIBERATED EUROPE

THE agreements announced on February 12, at the conclusion of the 8-day Crimea Conference attended by President Roosevelt, Prime Minister Churchill and Marshal Stalin, chart a much-needed course of united Allied action for both the immediate and the long-range future. This course will doubtless fail to please every one, for it bears the stamp of compromise and reflects the process of give-and-take that necessarily characterized the meeting of the Big Three. But whether or not all decisions reached by the conferees are viewed with approval, it must be admitted that the Allies' decision to grapple with the outstanding issues confronting them is a definite improvement over what appeared to be their previous deadlock on a number of serious issues.

DRACONIAN TERMS FOR GERMANY. In addition to planning final military blows against the Nazis, the Conference took action on the three major problems associated with the final stage of the European war: the future of Germany; the establishment of popular governments in the liberated countries; and the creation of machinery for post-war United Nations cooperation. In their program for Germany, which is the first Allied effort to go beyond the immediate objective of unconditional surrender, the Big Three reiterate their determination to prevent Germany from ever again disturbing the peace of the world. In achieving this end, however, the Big Three definitely state that "it is not our purpose to destroy the people of Germany," and insist only upon the eradication of the Nazis and their militaristic institutions as a prerequisite to restoration to the family of nations. This distinction between the German people and their leaders undoubtedly reflects the fact that the Big Three face the practical consideration that, once Germany is defeated, there will still be approximately 75 or 80 million Germans living in the center of Europe.

Since these people obviously cannot be punished as severely as their leaders, the Allies realize it would be wise to stress the continued existence of a German state in the propaganda they are now directing to the Germans as well as in their plans for the peace settlement.

Despite their precise rejection of the thesis that the German nation must cease to exist, the Big Three's program for extirpating Nazism and restoring the Germans to a peaceful way of life is nearly as severe as any suggested by proponents of a "hard" peace. Not only is Germany to be thoroughly disarmed and the General Staff broken up "for all time," but "all German industry that could be used for military production" is to be eliminated or controlled. In view of the wide range of industries involved in modern arms production, this provision could, if the Allies so desire, be construed to mean the deindustrialization of Germany. In addition, it is definitely provided that war criminals shall be brought to speedy justice and that reparation in kind for damage done to Allied countries will be exacted by a commission sitting in Moscow.

Enforcement of these terms will undoubtedly call for the military occupation of Germany over a period of years, a fact that the Big Three recognize in their provision for a central control commission consisting of their supreme commanders, with headquarters in Berlin, that will coordinate the various armies' zones of occupation. Recognizing France's keen interest in the prevention of future German aggression and de Gaulle's willingness to have the French share in what will be at best an onerous task, the Allied leaders invite France to take over a fourth zone and to become a member of the control commission.

Provisions for a territorial settlement with Germany are conspicuously absent from the program for the defeated enemy. No reference is made to the

future of the Rhineland and Ruhr, where General de Gaulle has been insisting that French armies must take a permanent stand after the war. Similarly, the western frontier of Poland is not placed at the Oder, as the Lublin régime has demanded, but is made one of the subjects of the forthcoming peace conference. This reference to a post-war peace conference sounds a most welcome note, for it is the first hint that the Allies plan to take an overall and well-considered approach to the problem of delimiting Germany's territories instead of relying on hasty and piecemeal decisions made in the heat of battle.

FORMULA FOR LIBERATED EUROPE. The Big Three's formula for handling the problems of liberated Europe is almost as important as their proposals for Germany since it offers a possible solution to questions that have seriously endangered United Nations unity. This formula calls for periodic meetings among the Foreign Ministers of the United States, Russia, Britain and France to produce concerted action in assisting the liberated peoples in solving by democratic means their most pressing political and economic problems. Given proper implementation, this scheme could prevent such misunderstandings as have recently arisen in connection with Greece and Belgium.

But it is obvious that this plan alone could not cope with such tangled issues as those involved in the Polish and Yugoslav questions, and clear-cut solutions were finally devised for these two countries. The United States registers its public approval, for the first time, of Russia's claim to the Curzon Line as the eastern boundary of Poland—a claim Prime Minister Churchill had previously recognized—and agrees that the Poles shall receive German territories to the north and west. On the other hand, the Soviet Union recognizes the principle, on which President Roosevelt is believed to have laid particular emphasis, that a genuinely representative government resting on free elections shall be formed as soon as possible. Accordingly, the Russians are committed to accepting, instead of the Lublin régime they now recognize, a revised provisional Po-

lish government that will be formed by adding democratic Poles at home and abroad to the existing *de facto* authority. That the present Polish government in London will be able or willing to merge with the Lublin officials is most unlikely. But it is to be hoped that such outstanding individual Polish leaders as former Premier Mikolajczyk will seize this opportunity to bridge the gap that has so long divided not only the rival Polish régimes but the Western Allies and Russia as well.

A similar solution has been agreed upon for Yugoslavia, where Britain and the United States have feared that Marshal Tito's régime indicated the establishment of an exclusive Soviet sphere of influence. By recommending that Marshal Tito and Prime Minister Subasitch of the government-in-exile put into immediate effect their agreement, formulated last June, to form one régime, the Big Three attempt to unify their policies toward this leading Balkan state. But since Tito's position in Yugoslavia will undoubtedly continue to be predominant, Britain and the United States apparently requested, and Russia agreed, that certain checks should be imposed on the powers of the country's provisional government. In this way all legislative acts now passed under Tito's leadership will ultimately be subjected for approval to a popularly elected Constituent Assembly after the war.

CONFERENCE ON DUMBARTON OAKS. Particular interest attaches to the date and meeting place of the United Nations conference the Big Three have agreed to call to discuss the Dumbarton Oaks plan for peace and security. Since April 24 is the date on which the five-year Soviet-Japanese neutrality pact expires, the question arises whether this important meeting would be scheduled to begin the following day unless Russia intended to denounce the treaty. Likewise, the choice of a west coast American city, where interest in the war against Japan has always been especially keen, would be a particularly appropriate locale for the sessions if Russia plans to take an active role in the Pacific war.

WINIFRED N. HADSEL

ROOSEVELT URGES CONGRESS TO APPROVE WORLD MONETARY PLANS

Legislation implementing the financial agreements drafted by the United Nations at Bretton Woods last July will soon be submitted to Congress. Proposals for the Monetary Fund and the International Bank constitute the first concrete arrangements for permanent post-war cooperative agencies this nation has been asked to consider. America's attitude with respect to the adoption of these plans will be watched by the world at large, for United States action in regard to future financial and economic affairs is as important as the decision this nation

must reach eventually with respect to the world security organization to be established by the United Nations.

PRESIDENTIAL ENDORSEMENT. This is the burden of President Roosevelt's February 12 message to Congress, in which he requested favorable and speedy action on the proposed Monetary Fund and World Bank. His approval of the plans for these two financial institutions followed a report issued last week by the American Bankers Association and other banking groups, which suggested

that the International Monetary Fund be dropped. Some of the Fund's proposed functions of stabilizing world currencies, the ABA report declared, should be incorporated with those of the International Bank for Reconstruction and Development.

The President's message indicated that the Bretton Woods proposals were but the forerunners of others that would be presented to Congress. They are part of what must be a consistent program to increase world trade, stabilize currencies in the post-war period, and provide the means whereby United States credit is made more easily available to foreign nations. It now appears that Congress, the executive and a large section of the banking community are agreed that American responsibility in bringing about such an expansion of trade demands our participation in the International Bank. Through its \$10,000,000,000 fund, member nations would be able to finance important reconstruction and development projects, and the Bank would also facilitate and make secure wide private participation in loans to foreign countries.

The Bank may go far, Mr. Roosevelt believes, toward providing facilities by which our share of the lending requirements of the post-war years may be met. Additional facilities would also be provided by revoking the Johnson Act, which at present prohibits private American lending to nations which defaulted on debts resulting from World War I. President Roosevelt's message intimated that Congress would soon be called on to increase the funds of the Export-Import Bank so that more American credit may be made available abroad. It is to be noted that the American Bankers Association is in agreement with the President with respect to repealing the Johnson Act and increasing the funds of the Export-Import Bank. Finally, the President suggests other measures which must be undertaken if the United States is to fulfill completely its responsibilities in international economic life. Trade barriers must be reduced, and Congress must consider the establishment of a United Nations food and agriculture organization, the control of cartels and the orderly marketing of world surpluses of certain commodities, as well as the questions of post-war shipping, aviation and telecommunications.

CONTROVERSY ON MONETARY FUND. Only with regard to the adoption of the Bretton Woods plan for the International Monetary Fund is Congress likely to have great difficulty in reaching a decision. In proposing the assignment of the Fund's currency stabilization tasks to the World

Bank, the American Bankers Association and other banking groups contend that the Fund introduces novel loan procedures whereby other currencies would be made available to member nations in practically an automatic manner. The ABA report suggests that the Fund would operate on the theory that the borrower is entitled to credit unless the lender can make out a case to the contrary. It is argued further that gold and dollar exchange in foreign hands has increased markedly during the war and that no such facilities as the Fund would provide are necessary. Rather it is thought that interim needs in the reconstruction period can best be accommodated by increasing the funds of the Export-Import Bank and by repealing the Johnson Act.

Against this attack Administration leaders will doubtless follow the President's argument in his February 12 message, favoring both the Fund and the Bank in addition to the measures on which the Bankers Association and the President agree. Not only is currency stabilization an absolute essential to orderly trading in the long run, but in the period immediately following hostilities member nations whose economies have been geared to total war effort, or seriously destroyed, must find a way to finance speedy recovery. Many countries will need American materials and equipment in reconstruction work, but the chief problem will be to find the means of payment. While noting that we can be paid eventually for what we sell abroad chiefly in goods and services, the President indicated that unless a method is found now to finance this trade, these countries will be unable to restore their economies. In desperation, they may be forced to carry forward existing discriminatory trade systems, restrictive exchange controls, competitive depreciation and other destructive trade practices.

With these contrasting approaches to the question of adopting the Bretton Woods plans, Congress and the public generally must now decide the issue in view of the broader political and economic considerations involved. Should Congress reject either of the present draft proposals, not the least difficulty would be the negotiation of further agreements with the 44 nations which participated in the Bretton Woods Conference.

GRANT S. MCCLELLAN

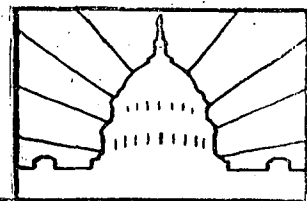
The War, Fourth Year, by Edgar McInnis. New York, Oxford University Press, 1944. \$2.50

Another in the useful series which combines a chronology with an interesting summarizing text.

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Washington News Letter



STRESSED BY LONDON CONFERENCE LABOR'S ROLE IN WORLD AFFAIRS

A unified American labor movement, thoroughly conscious of its stake in world peace and in the expansion of world trade, could exert a powerful influence on the development of foreign policy here and elsewhere. Even in its present state (split among the American Federation of Labor, the Congress of Industrial Organizations, the United Mine Workers, the Railroad Brotherhoods and others), the American labor movement is becoming a factor in international relations. The World Trade Union Conference, which opened in London on February 6, has provided a segment of United States labor with an opportunity to sharpen its own awareness of the meaning of world events for unions and their membership, and to enhance the part it can play in the development of official attitudes in this country.

LABOR'S GROWING INTEREST IN WORLD AFFAIRS. The United States government has given concrete recognition to the contribution that labor unions now make to foreign policy. Assistant Secretary of State Nelson Rockefeller has invited the AFL and CIO to send observers to the Conference of the American Republics, opening in Mexico City on February 21. The Department of State in its reorganization of December 20 expanded the work of the Division of International Labor, Social and Health Affairs, organized on January 15, 1944; its tasks include "analysis and recommendation on the effects of labor developments on the foreign policy of the United States, on the foreign policy of foreign countries and on international relations."

The prospect of a more highly internationalized life after the war is stimulating labor to take a deeper interest in world affairs—a field in which the AFL pioneered, with Robert Watt as vice president in charge of international relations. Now the American Labor Conference is adding to knowledge in this field through its quarterly, *International Post-war Problems*. The *CIO News* is crusading for international monetary agreement, and the issue of January 15 urges that Congress "make Bretton Woods a reality by voting the full amount needed from the U.S. to start it working." Expansion of world trade, the CIO emphasizes, means the expansion of job opportunities in the United States.

DISUNITY WEAKENS LABOR INTERNATIONALLY. Two issues lie before the World Trade Union Conference: (1) the policy it will

adopt toward general international problems; and (2) the policy it will adopt toward trade-union internationalism. On point one the Conference agenda is a microcosm of the great problems of the day, for it includes the attitude of the trade unions toward the anticipated peace settlement, general organization of world peace, Allied occupation of ex-enemy countries, reparation, and the treatment of Germany. The Polish problem has come before the Conference through applications for recognition from unions sponsored variously by the London exile régime and by the Warsaw-Lublin government. The Soviet and American representatives favored the seating of delegations from ex-enemy countries, but Britain finds it hard to forgive so soon. Apparently the Conference will not object if German forced labor is used in reparation, a position contrary to that taken by William Green, president of the AFL.

The problem of reaching decisions on point two—trade-union internationalism—is highlighted by the fact that the CIO is present and the American Federation of Labor is not. The AFL has long supported the International Federation of Trade Unions which, according to Philip Murray in the *CIO News* of January 15, "has for many years been ineffective and ceased to function." The London Conference agenda provides for discussion of a basis for a World Trade Union Federation separate from the IFTU. The AFL has consistently refused to deal with the U.S.S.R. trade unions, on the ground that they were not free, but the CIO is meeting with Soviet delegates in London. Russian unions have not been admitted to the IFTU, but would be admitted to a successor world federation.

Are labor unions logical in refusing to deal with Soviet labor when the United States and Great Britain welcome the participation of the U.S.S.R. in far-reaching military and political decisions? Whatever the answer, the role of American labor in world affairs will be less than its potential so long as our unions disagree fundamentally on world issues. The lesson of the World Trade Union Conference suggests that the American unions should set up machinery for reaching agreement in advance on foreign affairs issues and for sending to international conferences mixed delegations prepared to speak for a combined point of view.

BLAIR BOLLES

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